



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105

SFUND RECORDS CTR
88145559

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2166-96432

OCT 19 1993

VIA CERTIFIED MAIL

Ms. Teresa Olmsted
Manager Environmental Projects
ITT Fluid Products Corporation
1200 Flower Street
Burbank, CA 91502

Re: Facilities at 801 Allen Avenue and 1200 Flower Street,
Burbank, CA 91502
Remedial Design Notice Letter
Glendale North Operable Unit
Glendale South Operable Unit

Dear Ms. Olmsted:

The United States Environmental Protection Agency ("EPA") considers ITT Corporation to be a potentially responsible party ("PRP") for the costs incurred in connection with contamination at the San Fernando Valley Area 2 Superfund Site, Glendale North and South Operable Units (the "Sites") in the vicinity of Glendale, California and hereby requests your participation in upcoming negotiations to conduct the remedial design for the Sites. Under Section 107 of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §9607 ("CERCLA"), responsible parties are liable for the cleanup of the Sites, including all costs incurred by the government in responding to releases at the Sites.

EPA has conducted the Remedial Investigation/Feasibility Study ("RI/FS") for the Sites. The RI/FS and proposed plan for the Glendale North Operable Unit were released for public comment in April and June 1992, respectively. The RI/FS and proposed plan for the Glendale South Operable Unit were released for public comment in August and September, 1992, respectively. After considering the public comments on the RI/FS documents and proposed plans, EPA selected the remedial actions which are outlined in the Record of Decisions ("RODs") for the Sites issued on June 18, 1993. A fact sheet describing the selected remedial actions is attached hereto.

EPA's selected interim remedial action for the Sites consists of a combined groundwater treatment plant for both

Operable Units at which a total of 5,000 gallons per minute of water will be treated for volatile organic compound contamination. The treated water will be delivered to a blending facility where the treated water will be blended to reduce the nitrate levels in the water to the maximum contaminant level for nitrate. The treated and blended water will then be conveyed to the City of Glendale for distribution in the City's public water supply system. The City of Glendale has indicated its willingness to participate in the remedial design of the Operable Units. The RODs provide that if the City of Glendale or another water purveyor does not accept the water, the treated water will be reinjected into the aquifer.

This letter triggers a forty-five day period during which EPA will not undertake remedial design of the selected remedy for the Sites. This forty-five day period provides PRPs and the City of Glendale with the opportunity to submit a good-faith offer to conduct the remedial design required to implement the selected remedial action for this Sites as described in the RODs. During this forty-five day period, you, other PRPs and the City of Glendale are invited to participate in formal negotiations with EPA. You are also encouraged to voluntarily negotiate a settlement providing for the PRPs and the City to conduct or finance the remedial design required to implement the remedial action at the Sites. The forty-five day negotiation period will be extended for an additional forty-five days if EPA determines that the PRPs and the City have provided EPA with a good-faith offer to conduct or finance the remedial design. Should the full ninety (90) day negotiation period take place, negotiations will conclude on January 17, 1993.

A settlement between EPA, the PRPs and the City would be embodied in an Administrative Order on Consent for Remedial Design ("AOC") executed within the 90-day negotiation period. A proposed AOC is enclosed to assist you in developing a good-faith offer. The proposed AOC is not binding on EPA and is subject to revision and approval by EPA.

If EPA is unable to reach agreement with the PRPs and the City within the 90-day period, EPA will take appropriate measures to ensure the implementation of the remedial design.

A good-faith offer to conduct or finance the remedial design consists of one written proposal by the interested PRPs and the City that demonstrates the PRPs' and the City's qualifications and willingness to conduct or finance the design, the City's assurance that it will accept all of the treated and blended water from both Operable Units, and for the PRPs to reimburse EPA's costs associated with remedial design.

In order for your proposal to be considered a good-faith offer, it must contain the following elements:

- * A statement of your willingness to conduct or finance the remedial design that is consistent with the RODs and the proposed AOC and that provides a sufficient basis for further negotiation;
- * A demonstration of your technical capability to undertake the remedial design; including the identification of the firm(s) that may actually conduct the work or a description of the process by which the firm(s) will be selected;
- * A statement of your willingness to reimburse EPA for the costs EPA would incur in overseeing your implementation of the remedial design;
- * A statement from the City assuring that the City will accept the treated and blended water from both Operable Units;
- * A response to the proposed AOC. If your offer contemplates modifications to the proposed AOC, please work from this AOC and submit a version showing any modifications to it;
- * A detailed statement of work or workplan identifying how you intend to proceed with the remedial design; and
- * The name, address, and telephone number of the party who will represent you in negotiations.

As indicated above, EPA anticipates expending additional funds for the remedial design. Whether EPA funds the entire remedial design or simply incurs costs by overseeing the parties conducting the response activities, you are potentially liable for all expenditures plus interest. Interest on future costs shall accrue from date of expenditure, pursuant to CERCLA § 107(a), 42 U.S.C. § 9607(a). Interest rates are variable. The rate applicable on any unpaid amounts for any fiscal year is the same as is specified for interest on investments of the Hazardous Substance Superfund which is determined by the Department of the Treasury.

EPA is not required by CERCLA to issue a written demand for recovery of prejudgment interest. However, the date a written demand is made may be used by a court in determining the date from which prejudgment interest begins to accrue.

In the event that you file for protection in the Bankruptcy Court, EPA reserves the right to file a Proof of Claim or Application for Reimbursement of Administrative Expenses against the bankrupt's estate.

If EPA does not receive your response within the forty-five

day moratorium period, EPA will conclude that you do not wish to negotiate a resolution of your liabilities in connection with the remedial design phase of the response action and that you have declined any involvement in performing the remedial design. However, you may be held liable by EPA under Section 107 of CERCLA for the cost of the response activities EPA performed and performs at the Sites. If a settlement cannot be reached and the PRPs elect not to implement the remedial design, EPA may choose from among the following options in order to assure its implementation: EPA may issue a unilateral order to the PRPs under CERCLA § 106(a) to perform the remedial design work; EPA may fund the remedial design; EPA may pursue civil litigation against the PRPs, pursuant to CERCLA §§ 106(a) and 107(a), 42 U.S.C. §§ 9606 and 9607.

EPA encourages good faith negotiations between you and the Agency, as well as coordination among the parties potentially responsible for contamination at the Sites. EPA encourages PRPs involved at the Sites to form a PRP Steering Committee. EPA believes that a PRP Steering Committee is the best vehicle for establishing and maintaining coordinated and constructive dialogue both within the PRP group itself and between PRPs and the Agency.

For your information and to facilitate organization we have enclosed the names and addresses of the PRPs who have been notified to date.

If you have any technical questions regarding the Site or this letter please contact:

Colette Kostelec (H-6-4)
United States Environmental Protection Agency
75 Hawthorne Street
San Francisco, CA 94105
(415) 744-2253

Please direct any legal questions to:

Randa Bishlawi
U.S. Environmental Protection Agency, Region IX
Office of Regional Counsel, (RCA-3)
75 Hawthorne Street
San Francisco, CA 94105
(415) 744-1345

In the future, EPA may send you notice under the authority of Section 122(e) of CERCLA, 42 U.S.C. §9622(e), regarding the remedial action. This section provides EPA with the option to invoke "special notice procedures" through which EPA provides notice to interested parties of anticipated actions. Special notice procedures trigger a moratorium on certain EPA activities at the Sites and allow an opportunity for noticed parties to negotiate with EPA to finance or conduct Site activities. EPA, would at that time, approach you and other PRPs at the Sites receiving special notice to discuss your involvement in

implementing the remedial action. As indicated above, EPA has already undertaken certain actions and incurred costs in response to conditions at the Sites. The special notice letter will include a demand for these costs. If EPA does not use Section 122(e) special notice procedures, EPA will send a letter explaining why the special notice procedures were not used in this case.

My staff and I look forward to working with you during the coming months.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Keith A. Takata', with a long horizontal stroke extending to the left.

Keith A. Takata
Deputy Director for Superfund